

FEDERAL BUREAU OF INVESTIGATION  
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FOI/PA# 1644538-000

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/3/97

[redacted] (Protect Identity), [redacted]  
[redacted]  
[redacted] home phone: [redacted] was contacted by  
phone at home. [redacted] after being advised of the identity of  
the interviewing agent and the purpose of the interview, provided  
the following:

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[Large redacted area]

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b7DInvestigation on 4/2/97 at Phoenix, Arizona (telephonically)File # 29B-PX-56101-47 Date dictated 4/3/97

SA [redacted]

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Continuation of FD-302 of

[Redacted]

, On 4/2/97

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[Redacted]

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Continuation of FD-302 of

[Redacted]

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Continuation of FD-302 of [REDACTED], On 3/21/97, Page 2

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[REDACTED] started his company with his employee profit sharing from JWJ and some other money he had saved. [REDACTED] advised that he is the only [REDACTED] in his company.

[REDACTED] advised that he doesn't like [REDACTED] because [REDACTED] got a lot of the attention that he [REDACTED] should have received from [REDACTED]. When [REDACTED] came out of school [REDACTED] hired him and taught him the contracting business. [REDACTED] and [REDACTED] became close and that made [REDACTED] jealous.

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[REDACTED] does not know where [REDACTED] is now. He does not know where [REDACTED] lives either. However, [REDACTED] is still in Phoenix and her home phone number is [REDACTED].

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[REDACTED] advised that he has not spoken with [REDACTED] for several months. [REDACTED] heard that [REDACTED] is working for wages in Yuma, Arizona. [REDACTED] advised that the house [REDACTED] lived in has been sold. [REDACTED] stated that all of [REDACTED] money is gone because of the civil suits and bankruptcy that ended JWJ.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/24/97

[redacted]  
[redacted] was contacted at [redacted] provided the following information:

[redacted] is the son of [redacted] is a [redacted] of JWW Contracting Company (JWW). [redacted] worked for [redacted] and JWW until JWW went bankrupt. [redacted] advised that his last two paychecks from JWW bounced.

[redacted] advised that he and [redacted] are not that close. [redacted] and [redacted] and [redacted] takes [redacted] side. [redacted] also resents [redacted] getting together with [redacted]

It is [redacted] opinion that [redacted] was cheated by his former partner, [redacted] and [redacted] recalls that on the day that [redacted] walked out of JWW, JWW was approximately \$3 million in debt. [redacted] wanted to go bankrupt and face the problem, but [redacted] wanted to continue to try to work out of it. In just a few short weeks it seemed that the debt was more like \$20 million.

[redacted] does not know who altered financial statements but he said that only [redacted] and [redacted] truly had the access necessary to do it. [redacted] does not believe that his [redacted] would do it, and he thinks [redacted] would only do what he was told. Therefore, [redacted] thinks [redacted] is responsible.

[redacted] believed that International Surfacing Incorporated (ISI) was a losing proposition. He advised that [redacted] was always taking money out of JWW and putting it into ISI. [redacted] said that the controller's position at ISI had high turnover. One [redacted] was stealing the company blind. [redacted] has a house in [redacted] or [redacted] that [redacted] says was built with embezzled money.

Investigation on 3/21/97 at Phoenix, Arizona

File # 29B-PX-56101-46 Date dictated 3/24/97

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/1/97

[redacted] attorney at [redacted]

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[redacted] was contacted at his office in regard to his client, Continental Insurance (CI). [redacted] after being advised of the identity of the interviewing agent and the purpose of the interview, provided the following:

CI bonded JWW Contracting Company (JWW) the last few years before JWW's bankruptcy in 1994. Zions Bank (Zions) sued CI after JWW's bankruptcy in United States District Court. Judge Roslyn Silver threw the case out of court. (CIV-95-779-PHX-ROS) Zions and CI continued to battle in the United States Bankruptcy Court until making a global settlement. By global, [redacted] explained, the two companies resolved their conflicts in all matters and in all venues.

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One of the terms of the settlement agreement was that Zions would assign their judgement against [redacted] and [redacted] to CI. [redacted] and [redacted] were the [redacted] of JWW and personal guarantors of a loan Zions granted JWW prior to bankruptcy. After the assignment, CI had the right to pursue [redacted] and [redacted] to make good on the loan.

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CI, in the interest of collecting at least some of the money, granted [redacted] and [redacted] a "Covenant not to Execute" the judgement while putting the two on a payment plan. On 12/14/96, a \$20,000 payment was due. [redacted] and [redacted] failed to make the payment and the covenant was nullified.

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[redacted] and [redacted] also [redacted] a company called International Surfacing Incorporated (ISI). In May 1996, ISI entered Chapter 11 Bankruptcy. [redacted] and [redacted] were to re-organize the company's debt in accordance with a plan made in the United States Bankruptcy Court. [redacted] and [redacted] continue to run ISI as "Debtors in Possession."

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In January 1997, ISI's assets were sold to Rabin Brothers, Auctioneers of Los Angeles, California. A short time later the assets were sold to Basic Resources. There were three contracts that were excluded from both sales. The Laguna Army Airfield - Yuma Control Tower Renovations, a Taxi-way project at

Investigation on 3/28/97 at Phoenix, Arizona

File # 29B-PX-56101

Date dictated 4/1/97

by SA [redacted]

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Continuation of FD-302 of [redacted], On 3/28/97, Page 5 b6 b7C

copy of a settlement agreement signed by [redacted] in which [redacted] claims that he had no insurance. Less than a month later, [redacted] opted out of on an executive whole life policy for \$1,000,000. [redacted] received numerous checks from Aurora in regard to the policy. [redacted] advised that [redacted] had the policy when he swore that he did not. [redacted] believes that an [redacted] named [redacted] of Mesa, Arizona might be able to provide detailed information.

[redacted] advised that as part of the sale of Crafcro [redacted] and [redacted] made consulting agreements with the new owner, Ergon. The company name under which these services are provided might be 7402 Company. There is no evidence that any income from these consulting activities was claimed on income tax returns.

[redacted] talked with a man named [redacted] during the course of his work for CI. [redacted] a former employee of ISI, stated that he [redacted] witnessed [redacted] carting away accounting records just before the JWJ bankruptcy trustee took control of the premises at University Boulevard. [redacted] provided [redacted] as [redacted] address.

[redacted] advised that a [redacted] of ISI, [redacted] might have information that would be of value in this investigation. [redacted] lives at [redacted] and his home phone is [redacted]

[redacted] advised that if he finds any other evidence of fraud in the course of his work for CI, he will contact the writer.

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Continuation of FD-302 of [redacted], On 3/28/97, Page 3 b6 b7C

[redacted] is fed up with [redacted] in [redacted] opinion. [redacted] was the [redacted] for ISI and continues to work for Basic Resources. Her phone number is [redacted] [redacted] was [redacted] and according to [redacted] has grown to hate [redacted]. Additionally, [redacted] explained that [redacted] was extremely organized and kept comprehensive records. [redacted] explained that [redacted] brought over a box of documents that came from [redacted] and [redacted] because of the subpoena. However, [redacted] cannot identify every specific document with a specific individual.

In the subpoenaed documents received by [redacted] were numerous documents that would not appear to be covered by the subpoenas. [redacted] speculates that the inclusion of these additional documents is a signal that one of the parties is trying to blow the whistle on [redacted].

One such document is a typewritten summary of what appears to be an overheard conversation between [redacted] and [redacted]. The conversation seems to be instructions to [redacted] about what steps to take in order to further some type of scheme to make cash available to [redacted] and [redacted] provided a copy of this document. The scheme includes setting up new accounts and submitting invoices under new names.

[redacted] advised that in the course of his efforts on this matter he has come across numerous other companies that are either [redacted] by [redacted] or [redacted] or [redacted]. Southwest Lumber, 1917 S Avenue B, Yuma, Arizona is one such company. Ram Pipe, Bison Construction, Dorco Building, 7204, Southwest Steel, The Jacobson Companies, and Yuma Valley Construction are possibly related to [redacted] as well.

[redacted] probably has an ownership interest in Yuma Valley Construction. [redacted] phone number is listed as [redacted]. Yuma Valley Construction is an Arizona corporation and has registration numbers 072856 B-01 and 106548 A.

[redacted] provided a copy of a personal check for \$2,000 written on 1/31/97 to Statewide Erectors. The memo section of the check is notated with "advance on Yuma Towers." [redacted] finds it unusual that [redacted] would pay for business expenses with personal funds.

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Continuation of FD-302 of [REDACTED]

, On 3/28/97

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[REDACTED] explained that MVC submitted a bid and was selected for the taxi-ways project, and then sub-contracted the job in its entirety to ISI. [REDACTED] advised that he is not certain that sub-contracting an entire job is legal. If it is legal, [REDACTED] wonders why ISI did not just submit a lower bid without MVC's cost and win the job itself.

[REDACTED] advised that [REDACTED] submitted notes she made in regard to what she considers intimidating behavior by [REDACTED]. Copies of the notes she provided to [REDACTED] were provided to the writer at the time of the interview. [REDACTED] emphasized that [REDACTED] and [REDACTED] might provide more information about [REDACTED] activities. [REDACTED] and [REDACTED] other employees or former employees of ISI, might also be of value to the investigation. [REDACTED] and [REDACTED] are collectively referred to by [REDACTED] as the "Unholy Four." Apparently [REDACTED] resents the cooperation these four have provided in past legal actions against [REDACTED] and his companies, and questions their loyalty to him.

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[REDACTED] promised to send copies of numerous depositions to the writer. [REDACTED] explained that the depositions include revelations about highly questionable transactions made by [REDACTED] and [REDACTED]. One transaction involved real estate and a man [REDACTED] who works for Combs Construction. [REDACTED] owned a piece of real estate for one day. [REDACTED] and others have given explanations for this transaction in the depositions provided by [REDACTED].

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[REDACTED] recalled that [REDACTED] and [REDACTED] a company called Crafcro before selling it in 1993 to Ergon Inc. [REDACTED] provided copies of two checks made out to First Interstate Bank (FIB) that represent the proceeds for the company. The amounts of the two checks were \$1 million and \$1.5 million. [REDACTED] who had copies of personal and corporate tax returns for 1993 in his possession, advised that he cannot find the sale in any tax returns.

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[REDACTED] advised that in [REDACTED] deposition [REDACTED] stated that he did not have an ownership interest in any companies or partnerships, and that he did not have any life insurance. [REDACTED] advised that all of these statements were made under oath and can easily be proven false. [REDACTED] provided a

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Continuation of FD-302 of [redacted]

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a Marine Base, and a job in Bisbee, Arizona were the three contracts excluded in the sales.

The Laguna job and the taxi-way jobs were to be completed by ISI and Meadow Valley Contractors (MVC). ISI is the prime contractor on the Laguna job, and MVC is the prime contractor on the taxi-way job. However, United States Fidelity and Guarantee (USF&G) is the bonding company for both jobs, and ISI and MVC are joint indemnitor on both jobs.

On 1/31/97, [redacted] sent a letter to the Army regarding the Laguna job. The letter stated that ISI wanted to transfer all current and future receivables to USF&G, and that ISI was unable to complete the job because of the effects of a Bankruptcy ruling. [redacted] provided a copy of this letter that he obtained through subpoena. [redacted] provided several other letters dated after 1/31/97 that appear to show that ISI is continuing with the job.

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[redacted] provided a copy of a letter sent by [redacted] to Barnett Steel dated 2/10/97. The letter announces a meeting scheduled for 2/12/97 in regard to proceeding on the job.

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On 1/29/97, [redacted] wrote a letter to [redacted] of MVC... [redacted] advises [redacted] that he is enclosing all outstanding invoices associated with the Laguna project. [redacted] requests that [redacted] MVC pay the invoices.

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[redacted] considers the combination of to having cash receipts paid to USF&G, continuing work on the project, and having MVC pay the invoices as an indication that something illegal is occurring. [redacted] speculates that ISI is committing fraud against the Army.

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[redacted] advised that he subpoenaed four individuals from ISI in regard to his recent motion to appoint a trustee in the ISI bankruptcy. [redacted] believes that it would be in the interest of his client to get [redacted] away from ISI's assets. The four individuals subpoenaed were [redacted]

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[redacted] is or was [redacted] and in [redacted] opinion is involved in fraud with [redacted] did not provide any information in regard to the subpoena. [redacted] works for Basic Resources and worked for ISI.